



# New Legislation and the DLGF

Department of Local Government Finance

Timothy J. Rushenberg

Commissioner

May 19, 2009



# New Legislation

## ■ SB 346

- Beginning on July 1, 2009, a person filing a sales disclosure form with respect to a sale of real property occurring between January 1, 2004 and December 31, 2011 shall pay a fee of \$10 to the county auditor.
- 50 percent of the revenue collected shall be deposited in the county sales disclosure fund and 50 percent shall be transferred to the assessment training and administrative fund.
- The DLGF may provide training of assessment officials and employees of the DLGF through the Indiana chapter of the IAAO on various dates and at various locations in Indiana.



# New Legislation

## ■ SB 448

- New property tax exemption for businesses located in Indiana that are “dedicated to computing, networking, or data storage activities.”
- A business is eligible for the exemption if:
  - 1) It invests at least \$10 million in real and personal property located in Indiana after June 30, 2009;
  - 2) The average employee wage of the entity is at least 125 percent of the county average wage of each county in which it conducts business; and
  - 3) The fiscal body of the county or municipality adopts a resolution exempting the business from property taxation
- Only the “enterprise information technology equipment” qualifies for the exemption.



# New Legislation

## ■ HB 1071

- Model residence deduction is retroactive to 2008 pay 2009.
- A property owner that qualifies for the deduction must file an application with the county auditor to claim the deduction for 2008 pay 2009 “in emergency rules... adopted by the DLGF.”
- If the 2008 pay 2009 property taxes already have been paid, the person that paid the taxes is entitled to a refund without having to apply.





# New Legislation

## ■ HB 1094

- Real property will be valued for property tax assessment purposes as of the assessment date.
  - In other words, the valuation date and the assessment date will be the same beginning in 2010.
- Eliminates the “Auditor’s Statement”
- Form 11 and TS-1 must include certain information concerning assessment appeals, including a notice that an appeal requires evidence relevant to the true tax value of the taxpayer’s property as of the assessment date.



# New Legislation

## ■ HB 1096

– Two ways to apply for the mortgage deduction:

1. The person recording the mortgage, contract, or memorandum may file a statement with the county recorder for real property or the county auditor for personal property mobile homes.
2. The person claiming the mortgage deduction may file a statement with the county auditor.



# New Legislation

## ■ HB 1198

- Amended IC 6-1.1-1-11 to change the definition of “personal property”
- Amended IC 6-1.1-2-7 to define “non-business personal property”
- Addresses levy replacement grants for certain school corporations that are affected by circuit breaker credits



# New Legislation

## ■ HB 1230

- Notice published in a newspaper also must be posted on the newspaper's Internet Web site
- Eliminates the requirement that a city publish the ordinance setting the salaries of elected city officers
- All political subdivisions with a budget of at least \$300,000 and the power to levy a tax must publish an annual report



# New Legislation

## ■ HB 1344:

### – Homestead Standard Deduction

- Sales disclosure forms and property tax bills must include information concerning the consequences of claiming more than one homestead standard deduction and the procedures and deadlines for terminating a standard deduction.
- Applicant for a homestead standard deduction must include the last five digits of his social security/driver's license/state identification number.



# New Legislation

## ■ HB 1344:

### – Improper Deductions and Credits

- Tax bills must in 2010, 2011 and 2012 include a form for taxpayers to use to verify certain deductions and credits to which the taxpayers are entitled.
- County auditor may terminate the deductions or credits for 2012 pay 2013 if an individual does not verify the deductions and credits before January 1, 2013. Notice of proposed termination must be provided.

### – Electronic Tax Statements

- Legislative body may authorize the transmission by e-mail of property tax bills and related information.
- County treasurer and auditor administrate program.



# New Legislation

## ■ HB 1344:

### – Electronic Tax Payments

- Automatic deductions of payments for property taxes and special assessments from any account held by a financial institution, not just from a checking account.

### – Revenue Distributions

- County must distribute revenue from monthly installment property tax collections to political subdivisions in the county at the normal semi-annual distribution date.



# New Legislation

## ■ HB 1365

- Retroactive to January 1, 2008
- Applies to one (1) or more parcels of real property in a county that: (1) are permanently flooded or to which access over land is permanently prevented by flooding; and (2) are not being used for agricultural purposes.
- Owner may petition the county assessor for a reassessment of the parcel(s)





# New Legislation

- HB 1432
  - County auditor must distribute local income tax revenue to other taxing units not later than 10 business days after the county treasurer receives the distribution from the state.



# Budget Status and Timeline

Department of Local Government Finance

Timothy J. Rushenberg

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May 19, 2009



# 2008 Budget Certification status as of May 15, 2008

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

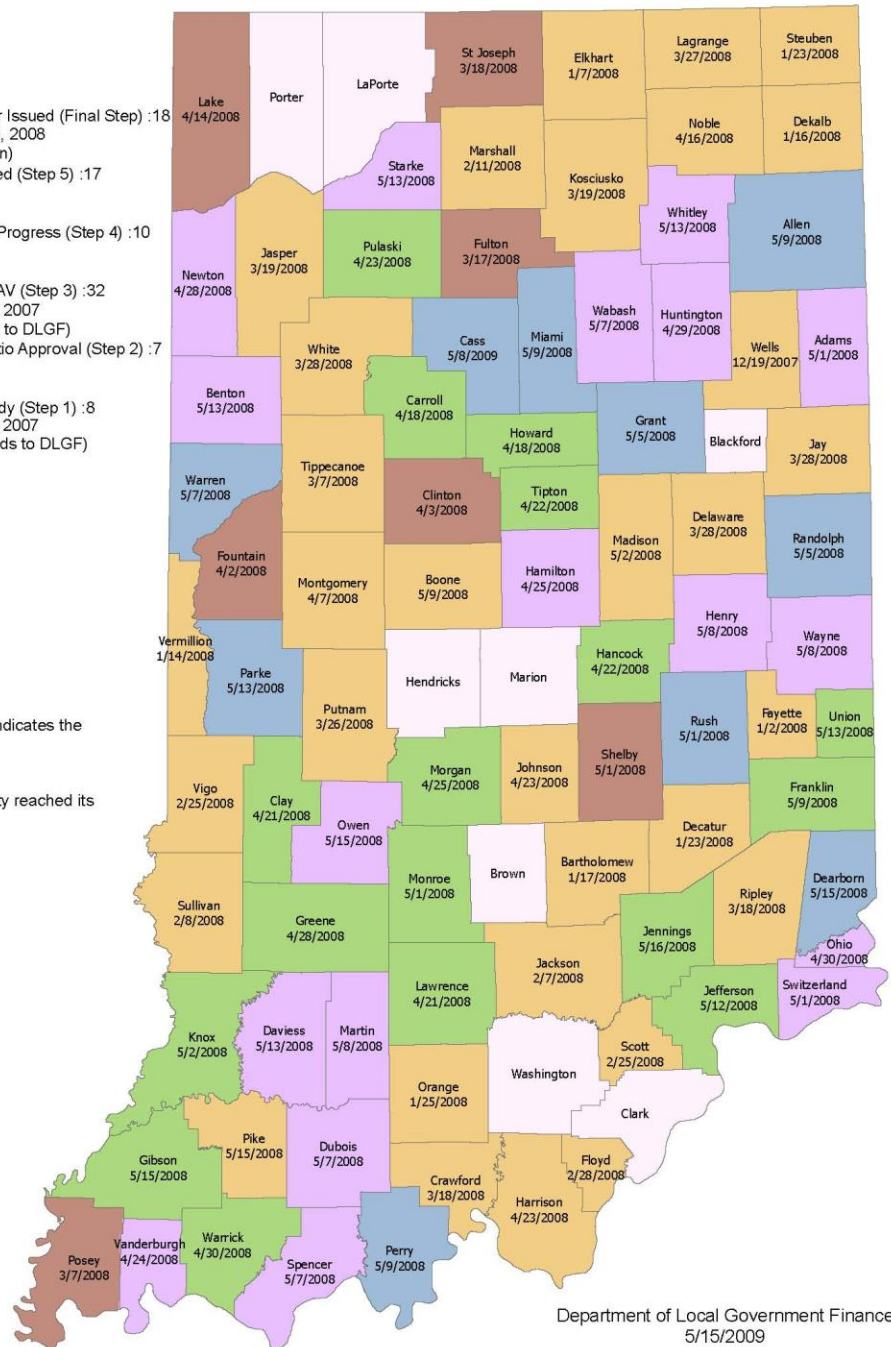
2007 pay 2008 Budget Certification Status Map  
As of May 15, 2008

## Indiana Counties

- Final Budget Order Issued (Final Step) :18  
Due February 15, 2008  
(DLGF Action)
- 1782 Notices Issued (Step 5) :17  
(DLGF Action)
- Budget Review in Progress (Step 4) :10  
(DLGF Action)
- Awaiting Certified AV (Step 3) :32  
Due August 1, 2007  
(Co. Auditor sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :7  
(DLGF Action)
- Awaiting Ratio Study (Step 1) :8  
Due Spring 2007  
(Co. Assessor sends to DLGF)

NOTE: The current color indicates the previous step has been completed or approved.

Dates show the date county reached its current step.





# 2008 pay 2009 Budget Certification Status Map

## 2009 Budget Certification status as of May 15, 2009

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

### Indiana Counties

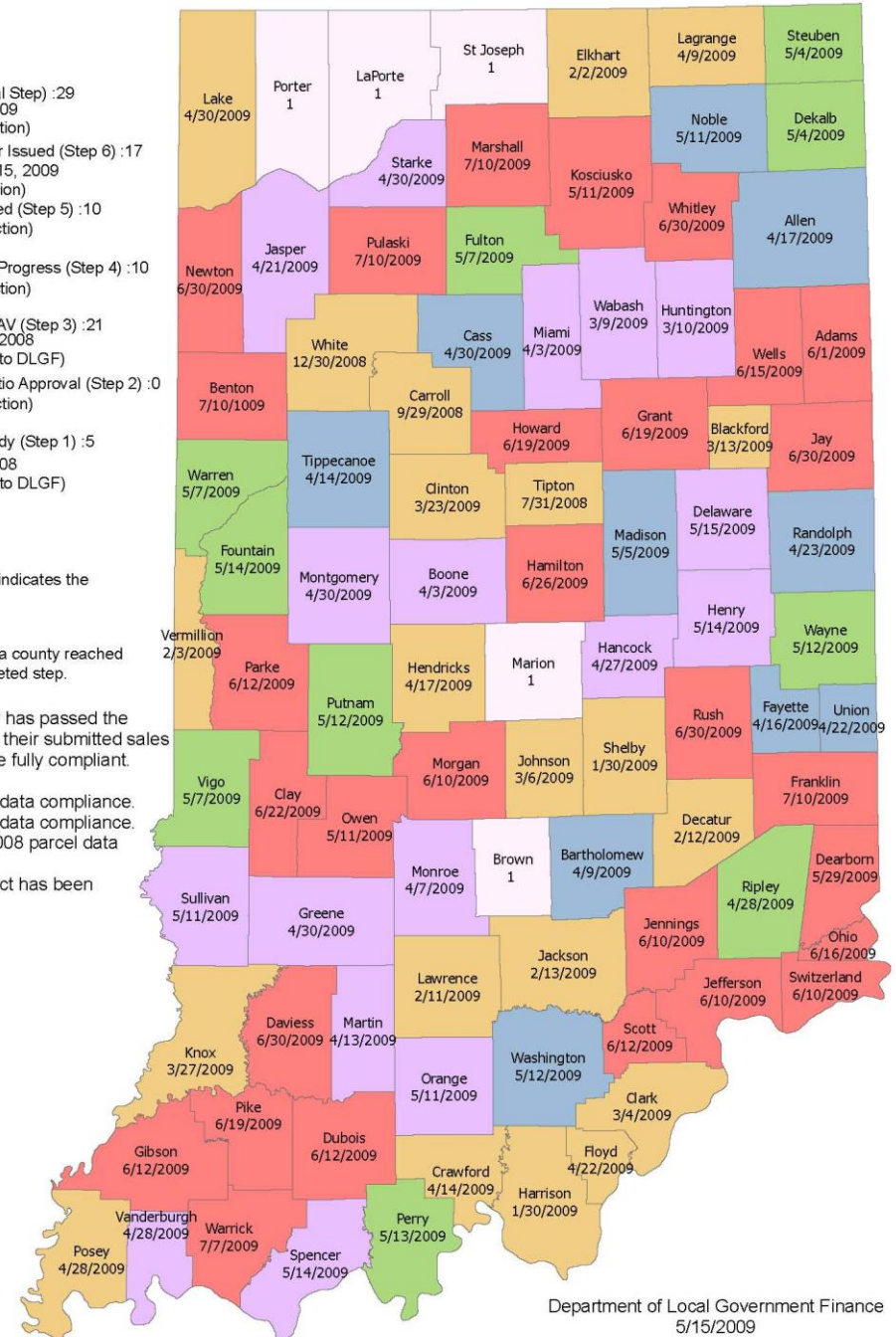
- Tax Bills Due (Final Step) :29  
Due May 11, 2009  
(Co. Treasurer Action)
- Final Budget Order Issued (Step 6) :17  
Due February 15, 2009  
(DLGF Action)
- 1782 Notices Issued (Step 5) :10  
(DLGF Action)
- Budget Review in Progress (Step 4) :10  
(DLGF Action)
- Awaiting Certified AV (Step 3) :21  
Due August 1, 2008  
(Co. Auditor sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :0  
(DLGF Action)
- Awaiting Ratio Study (Step 1) :5  
Due Spring 2008  
(Co. Assessor sends to DLGF)

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

- 1 indicates 2006 Sales data compliance.
- 2 indicates 2007 Sales data compliance.
- 3 indicates 2007 pay 2008 parcel data compliance.
- 4 indicates 2008 abstract has been completed.



Department of Local Government Finance  
5/15/2009



# Some Budget-related Deadlines

- July 31 – Last day to adopt ordinance establishing, increasing or decreasing COIT, CAGIT, or CEDIT rates. IC 6-3.5.
- Aug. 1 – Deadline for auditors to file certificate of net AVs and estimates of miscellaneous revenues with units and DLGF. IC 6-1.1-17-1
- **Aug. 2 – Last day for first publication of proposed tax rate, levy and budget. Also first notice of public hearing on ensuing year's budget. IC 6-1.1-17-3**
- Aug. 3 – Deadline for units to submit to DLGF cumulative fund proposals. IC 6-1.1-17-16.7
- **Aug. 9 – Last day for second publication of proposed tax rate, levy and budget. Also second notice of public hearing on ensuing year's budget. IC 6-1.1-17-3**



# Some Budget-related Deadlines

- Sept. 15 – Last day for units to submit proposed budget, rates and levies to county councils for non-binding review and recommendation IC 6-1.1-17-3.5
- Sept. 16- Last day for units with appointed boards to submit budgets to fiscal body for adoption IC 6-1.1-17-20
- Sept. 19 – Last day for units to file excessive levy appeals for annexation/consolidation/extension of services, 3 year growth factor, emergency and correction of error with DLGF. IC 6-1.1-18.5
- Sept. 20 – Last day for ensuing year's budget public hearing. IC 6-1.1-17-5.
  - Deadline for units to submit TIR worksheets to DLGF. IC 6-1.1-21.2





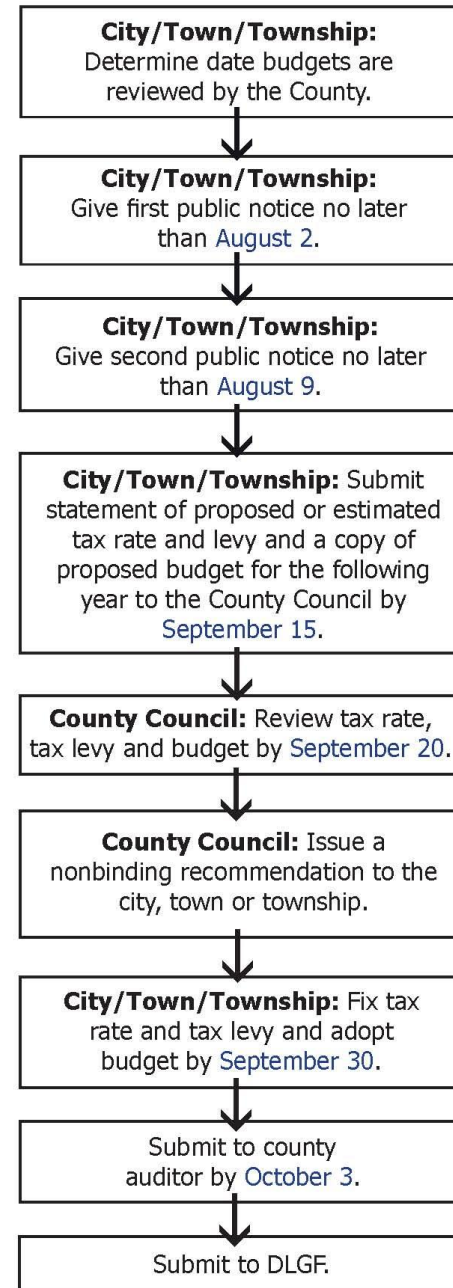
# Some Budget-related Deadlines

- Sept. 30 – Deadline for units to adopt budgets, rates and levies. IC 6-1.1-17-5
  - Deadline for cities and counties to adopt salary ordinances for following year. IC 36-4-7-3
- Oct. 1 – Effective date for new LOITs imposed before July 31. IC 6-3.5
- Dec. 15 – Last day for DLGF to accept additional appropriation requests from units. IC 6-1.1-18-5.
- Dec. 30 – Deadline for units to file shortfall excess levy appeals. IC 6-1.1-18.5-16
- Dec. 31 – End of business for calendar/budget year.
- A full list of budget-related deadlines is available on DLGF Web site at <http://www.in.gov/dlgf/2444.htm>.



## City, Town and Township Budget Approval Process

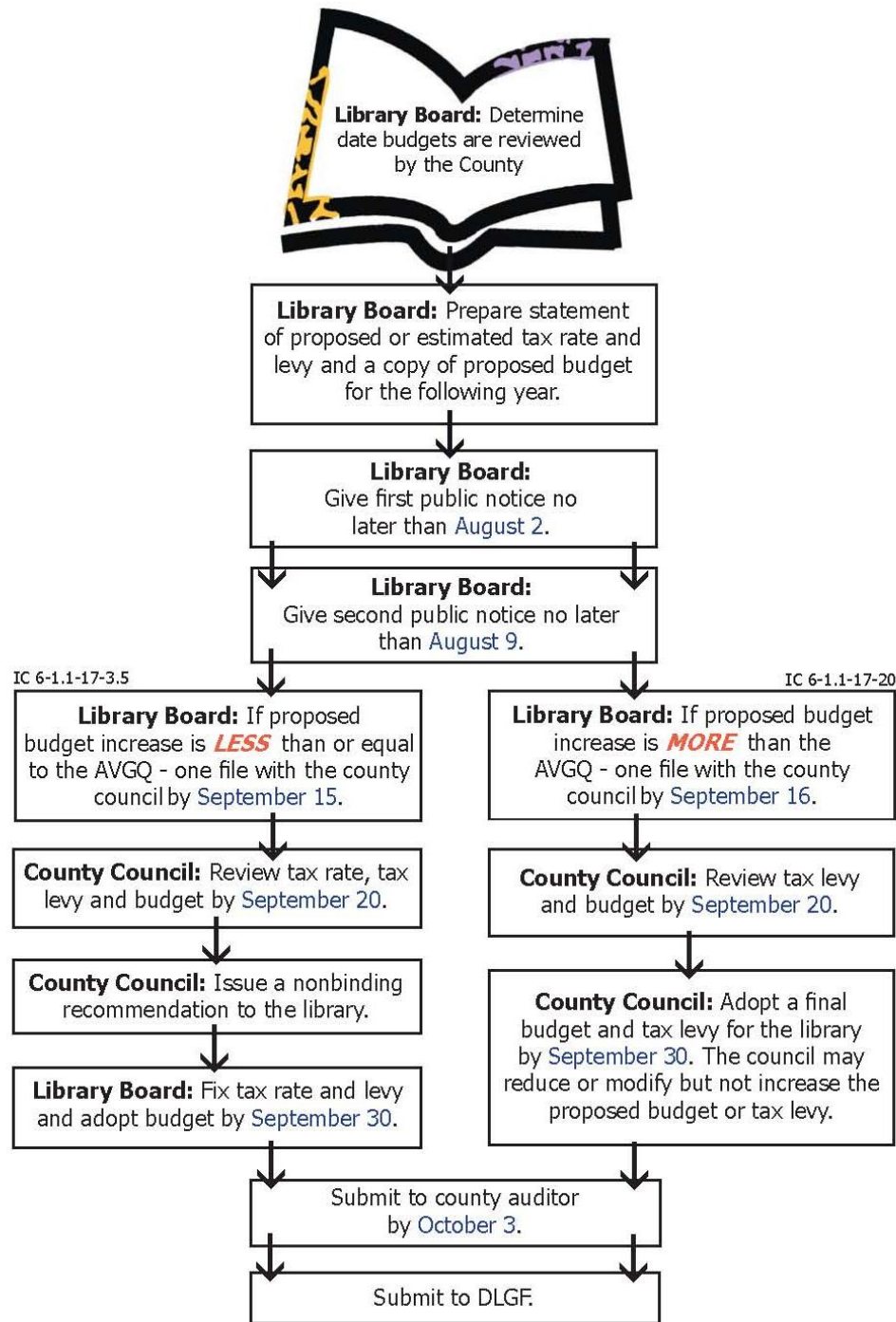
# City, Town, Township Budget Approval Process Timeline







# Library Budget Approval Process Timeline





# Circuit Breaker Tax Caps

Department of Local Government Finance

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Commissioner

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# Property Classifications

- Homestead (1.5% cap)
- Residential Property (2.5% cap)
  - (a) A single family dwelling that is not part of a homestead and the land, not exceeding one (1) acre, on which the dwelling is located.
  - (b) Real property that consists of:
    - i. a building that includes two (2) or more dwelling units;
    - ii. any common areas shared by the dwelling units; and
    - iii. the land, not exceeding the area of the building footprint, on which the building is located.
  - (c) Land rented or leased for the placement of a manufactured home or mobile home, **including any common areas shared by the manufactured homes or mobile homes.**



# Property Classifications

- Long term care property (2.5% cap):
  - (a) is used for the long term care of an impaired individual; *and*
  - (b) is one of the following:
    - i. A health facility licensed under IC 16-28 [health facilities].
    - ii. A housing with services establishment (as defined in IC 12-10-15-3) that is allowed to use the term “assisted living” to describe the housing with services establishment’s services and operations to the public.
    - iii. An independent living home that, under contractual agreement, serves not more than eight (8) individuals who:
      - A. have a mental illness or developmental disability;
      - B. Require regular but limited supervision; *and*
      - C. reside independently of their families.



# Property Classifications

- Agricultural land (2.5% cap):  
“Land assessed as agricultural land under the real property assessment rules and guidelines of the Department.” [does not include improvements]
- Personal Property (3.5% cap)



# Property Classifications

- Nonresidential real property (3.5% cap):
  - (a) Real property that:
    - i. is *not*:
      - (a) a homestead; or
      - (b) residential property; and
    - ii. consists of:
      - (a) a building or other land improvement; and
      - (b) the land, not exceeding the area of the building footprint or improvement footprint, on which the building or improvement is located.
  - (b) Undeveloped land in the amount of the remainder of:
    - i. the area of a parcel; *minus*
    - ii. the area of the parcel that is part of:
      - (a) a homestead; *or*
      - (b) residential property.
  - (c) The term does not include agricultural land.



# Effect of Referendum Approval

- Property taxes imposed after being approved by the voters in a referendum or local public question are not considered for purposes of calculating a person's Circuit Breaker credit.



# Circuit Breaker Caps

- A person is not required to file an application for the Circuit Breaker credit / tax cap protection. Rather, the county auditor is required to:
  1. identify the property in the county eligible for the credit; and
  2. apply the credit to property tax liability on the identified property.
- Political subdivisions are required by law to fully fund the payment of their debt obligations [e.g., principal and interest on bonds; and lease rental payments] in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property tax collections due to the application of Circuit Breaker tax credits. Any reduction in collections must be applied to the other funds of the political subdivision after debt service or lease rentals have been fully funded.





# Involvement of State Treasurer

- Upon the failure of a political subdivision to pay any of their debt service obligations when due, the State Treasurer, upon being notified of the failure by a claimant, is required to pay the unpaid debt service obligations that are due from money in the possession of the state that would otherwise be available for distribution to the political subdivision, deducting the payment from the amount distributed. A deduction under this subsection must be made:
  1. first from distributions of CAGIT, COIT or CEDIT that would otherwise be distributed to the county; and
  2. second from any other undistributed funds of the political subdivision in the possession of the state.



# Involvement of State Treasurer

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  1. first from distributions of CAGIT, COIT or CEDIT that would otherwise be distributed to the county; and
  2. second from any other undistributed funds of the political subdivision in the possession of the state.



# Role of County Auditor

- The county auditor of each county must certify to the Department:
  1. the total amount of Circuit Breaker credits that are allowed in the county for the calendar year; and
  2. the amount that each taxing unit's distribution of property taxes will be reduced as a result of the granting of the tax caps.

- *Amended Certification to DLGF*

If the amount of credits granted changes after the date the certification is made, the county auditor must submit an amended certification to the DLGF. The initial certification and the amended certifications must be submitted to the DLGF on the schedule prescribed by the DLGF.



# Reporting Schedule

- In accordance with IC 6-1.1-20.6-11, each county auditor is required to certify to the DLGF the following Circuit Breaker information:
  - **The total amount of Circuit Breaker credits in the county for the calendar year.** This information is to be submitted to the DLGF within thirty (30) days of the date of the tax bill.
  - **The amount that each taxing unit's distribution of property taxes will be reduced as a result of the granting of the Circuit Breaker credits.\*** This information is to be submitted to the Department at settlement (e.g., June 30 and December 31).
- *\*Note: The County Auditor in each calendar year is required to notify each political subdivision in which the Circuit Breaker credit is applied of the reduction of property tax collections for the political subdivision for that year. IC 6-1.1-20.6-9.5.*



# Computing Excise Taxes or LOIT in 2009 and Beyond

For purposes of computing and distributing any excise taxes or local option income taxes (LOIT) for which the distribution is based on a taxing unit's property tax levy, the computation and distribution of the excise tax or LOIT must be based on the taxing unit's levy as calculated before any reduction due to the tax caps.



# Circuit Breaker Caps

- The relief provided by the tax caps is a 1.5%, 2.5%, or 3.5% rate applied to the gross AV of the property (i.e., before deductions and credits).
  - These caps come into full effect (1, 2, 3) for property taxes paid in 2010.
- Because tax caps are applied to the gross AV, a taxpayer with large amounts of deductions is less likely to hit the tax cap.



# Circuit Breaker Caps

- For commercial and industrial taxpayers in the 3.5% tax cap category, deductions are unlikely to be a factor unless the taxpayer is receiving an abatement.
  - If the parcel has an existing abatement, the amount of the 3.5% cap is measured on the unabated value of the property, not on the net AV.
  - Therefore, most properties with abatement will not get the additional advantage of the tax cap.
- A provision in the new law changed the inventory AV deduction to an exemption, so inventory will not count against business taxpayers in the tax cap calculation.
  - This will increase the number of 3.5% taxpayers that will benefit from the tax cap.
  - Fewer deductions = more tax cap exposure.



# Circuit Breaker Caps

- Since the tax caps are calculated based upon gross AV and the actual tax rate is applied to the net AV, deductions and credits impact the effective tax rate applied.
- The tax cap reduces the taxpayer's bill and there is no money to make up the difference.
- Since the total of the tax bill is the combination of property taxes imposed by the county, city, township, school and various special districts, each of those units will share in the loss of property taxes due to the tax cap on a proportional basis.
- In the budget process, the local unit will set its budget as it did before. It will be limited by the maximum levy calculation and combined with other units in a taxing district to calculate the total tax rate.





# Circuit Breaker Caps

- After the total budget is set, and the tax rate is applied to individual tax bills, the amount of the tax cap is calculated, and the reduction in each unit's budget will be allocated.
- **Because the allocation of the tax cap reduction is proportional, if one of the units of government increases its budget, it will cause a reduction in the budgets of all other units in the same taxing district.**
  - If one of the units of government anticipates the amount of the tax cap reduction and reduces its budget, but the other units in that taxing district do not, that unit will get hit twice with a budget reduction (one under its own control) and the second by other units not in its control.
- If local units adopt one of the new LOITs to reduce the reliance on property taxes, it will change the dynamic of the tax caps.



**TS-1**

Department of Local Government Finance

Timothy J. Rushenberg

Commissioner

May 19, 2009



# 2009 TS-1: Outreach

- January 14, 2009: User Workshop
  - Treasurers, auditors, system vendors, printing vendors, other state agencies in attendance
  - What worked last year? What didn't?
  - Department took these thoughts, concerns and ideas, and...



# February 11, 2009: TS-1 Release

STATE FORM 1000-1-01  
APPROVED BY THE BOARD OF ACCOUNTS, 2009

PREPARED BY THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE (DLGF) 1-01  
TREASURER FORM 1000-1-01

## SPECIAL MESSAGE TO PROPERTY OWNER

Your property taxes are capped at 1.5% of property value for homes, 2.5% for other residential property and farmground, and 3.5% for all other property. In 2010, these caps will be fully phased in at 1%, 2%, and 3%. State relief is given in the form of a credit (line 4a) for 2007-2008, and a reduced tax rate (line 3a and table 3) and supplemental deduction (line 2b) in 2009.

### HOW YOUR PROPERTY TAX BILL IS CALCULATED

Taxpayer Name	Property Address	Date of Notice	Parcel Number	Taxing District
Joe and Jane Taxpayer	300 South 100 West Toto, IN 46365	April 1, 2009	00-00-00-000-000-000	001 Wayne Township

Space reserved for county data purposes

TABLE 1. SUMMARY OF YOUR TAXES

TAX SUMMARY ITEM	2007	2008	2009
<b>1. Gross assessed value of property</b>			
1a. Gross assessed value of land	\$45,130	\$45,130	\$45,130
1b. Gross assessed value of improvements	\$100,000	\$101,480	\$101,480
<b>2. Equals total gross assessed value of property</b>	<b>\$145,130</b>	<b>\$146,610</b>	<b>\$146,610</b>
2a. Minus deductions (see table 5 below)	(\$48,000)	(\$48,000)	(\$48,000)
2b. Minus new State supplemental deduction (see table 5 below)	\$0	\$0	(\$35,564)
<b>3. Equals subtotal of net assessed value of property</b>	<b>\$97,130</b>	<b>\$98,610</b>	<b>\$63,047</b>
3a. Multiplied by your local tax rate	2.3981	2.2625	1.6811
<b>4. Equals gross tax liability (see table 3 below)</b>	<b>\$2,329.27</b>	<b>\$2,231.05</b>	<b>\$1,059.87</b>
4a. Minus State property tax relief	(\$680.18)	(\$1,207.39)	(\$77.20)
4b. Minus Local tax relief	(\$33.10)	(\$31.85)	(\$35.39)
4c. Minus savings due to property tax cap (information on cap found in Table 2 below)	(\$0.00)	(\$0.00)	(\$0.00)
4d. Minus savings due to 65 years & older cap	(\$0.00)	(\$0.00)	(\$0.00)
<b>5. Total property tax liability</b>	<b>\$1,615.99</b>	<b>\$991.81</b>	<b>\$947.28</b>

Please see Table 4 for a summary of other charges to this property.

TABLE 2. PROPERTY TAX CAP INFORMATION

Property tax cap (equal to 1.5%, 2.5%, or 3.5% of Line 2, depending upon type of property)	\$0.00	\$0.00	\$2,199.00
Adjustment to cap due to voter-approved projects and charges <sup>1</sup>	\$0.00	\$0.00	\$100.00
<b>Maximum tax that may be imposed under cap</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,299.00</b>

TABLE 3. GROSS PROPERTY TAX DISTRIBUTION AMOUNTS APPLICABLE TO THIS PROPERTY

TAXING AUTHORITY	TAX 2007	TAX 2008	TAX 2009	TAX DIFFERENCE 2007-2008	PERCENT DIFFERENCE	TAX DIFFERENCE 2008-2009	PERCENT DIFFERENCE
STATE	\$2.33	\$2.37	\$0.00	\$0.04	1.7%	(\$2.37)	-100.0%
COUNTY	\$568.99	\$623.41	\$349.28	\$54.42	9.6%	(\$274.13)	-44.0%
TOWNSHIP	\$71.97	\$67.94	\$48.80	(\$4.03)	-5.6%	(\$19.14)	-28.2%
SCHOOL DISTRICT	\$1,530.97	\$1,416.54	\$875.05	(\$114.43)	-7.5%	(\$541.49)	-59.4%
CITY	\$0.00	\$0.00	\$0.00	---	---	\$0.00	---
LIBRARY	\$152.69	\$117.15	\$84.10	(\$35.54)	-23.3%	(\$33.05)	-28.2%
TAX INCREMENT	\$0.00	\$0.00	\$0.00	---	---	\$0.00	---
SPECIAL DISTRICT	\$2.32	\$3.64	\$2.65	\$1.32	56.9%	(\$0.99)	-27.3%
OTHER1							
OTHER2							
OTHER3							
<b>TOTAL</b>	<b>\$2,329.27</b>	<b>\$2,231.05</b>	<b>\$1,059.87</b>	<b>(\$98.22)</b>	<b>-4.2%</b>	<b>(\$1,171.18)</b>	<b>-52.5%</b>

The tax rate for each unit is equal to the gross property tax for that unit divided by the net assessed value for a given year.

TABLE 4. OTHER CHARGES TO THIS PROPERTY

LEVYING AUTHORITY	2007	2008	2009	TYPE OF DEDUCTION	2007	2008	2009
Debt Assessment Bill	\$30.04	\$17.27	\$18.96	Homestead/Standard	\$45,000	\$45,000	\$45,000
				Mortgage	\$1,000	\$1,000	\$1,000

Supplemental \$0 \$0 \$35,564

TOTAL ADJUSTMENTS \$30.04 \$17.27 \$18.96 TOTAL DEDUCTIONS \$46,000 \$46,000 \$80,564

1. Charges and adjustments to the property tax cap are approved by voters through a referendum. For more information, see the back of this document.

2. If any information has changed since the previous year, the reduction in the tax rate will be reflected in the tax rate. If such a change in circumstances has occurred and you have not notified the county auditor, the reduction will be applied and you will be liable for taxes and penalties at the amount deducted.

A FIVE PERCENT (5%) PENALTY WILL BE ADDED IF THE INSTALLMENT OF THE TAX BILL IS PAID WITHIN THIRTY (30) DAYS AFTER THE DUE DATE. A TEN PERCENT (10%) PENALTY WILL BE ADDED IF AN INSTALLMENT OF THE TAX BILL IS NOT PAID WITHIN THIRTY (30) DAYS AFTER THE DUE DATE. NOTICE: THIS TAX BILL IS THE ONLY NOTICE YOU WILL RECEIVE FOR PAYMENT OF BOTH INSTALLMENTS FOR YOUR 2008 PAY 2009 PROPERTY TAXES.

### SPRING INSTALLMENT - A

### DELINQUENT AFTER:

PROPERTY NUMBER

LEGAL DESCRIPTION

NAME AND ADDRESS OF PROPERTY OWNER

### SUMMARY OF CHARGES

TAX DUE FOR THIS INSTALLMENT:

OTHER CHARGES:

PENALTIES AND INTEREST:

**PAY THIS AMOUNT FOR  
SPRING PAYMENT**

MAKE CHECKS PAYABLE TO: \_\_\_\_\_ COUNTY TREASURER. RETURN THIS PORTION WITH YOUR CHECK. IF RECEIPT IS REQUESTED, SEND WITH SELF ADDRESSED, STAMPED ENVELOPE.

Space reserved for county-specific information

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### FALL INSTALLMENT - B

### DELINQUENT AFTER:

PROPERTY NUMBER

LEGAL DESCRIPTION

NAME AND ADDRESS OF PROPERTY OWNER

### SUMMARY OF CHARGES

TAX DUE FOR THIS INSTALLMENT:

OTHER CHARGES:

PENALTIES AND INTEREST:

**PAY THIS AMOUNT FOR  
FALL PAYMENT**

MAKE CHECKS PAYABLE TO: \_\_\_\_\_ COUNTY TREASURER. RETURN THIS PORTION WITH YOUR CHECK. IF RECEIPT IS REQUESTED, SEND WITH SELF ADDRESSED, STAMPED ENVELOPE.



# 2009 TS-1: Major Changes

- New Size Formats
  - 8.5 x 11 and 8.5 x 14, replacing unused sizes
- New Table
  - Table 2 adds additional circuit breaker information
- 3<sup>rd</sup> Year of Data
  - Additional year of data is necessary to show cumulative impacts of HEA 1001-2008
- New Fields
  - Addition of gross assessed value allows form to be used as a Form 11 notice of assessment; other new information to reflect statutory changes



# 2009 TS-1: Major Changes

- Percent Change calculation
  - Changes calculation to reflect year-over-year change in tax liability
- Remittance Coupons
  - Like last year, counties will be allowed to format remittance coupons according to their mailing, processing, and payment needs
  - Additional information on coupon is necessary to accommodate statutory information
  - Avoid redundancy with the TS-1: SIMPLICITY IS KEY



MAKE CHECKS PAYABLE TO: \_\_\_\_\_ COUNTY TREASURER. RETURN THIS PORTION WITH YOUR CHECK. IF RECEIPT IS REQUESTED, SEND WITH SELF-ADDRESSED, STAMPED ENVELOPE.





# 2009 TS-1 Demonstration: Example property



Single-family residential  
home on 1 acre, owner  
occupied with mortgage

Tax rate:

\$10.0000

State Homestead Rate:

25.0000%

Local Homestead Rate:

15.0000%

Local PTRC Rate:

10.0000%





# Table 1: Tax Summary

## ■ 1. and 2. Assessed Value of Property

	2007	2008	2009
<b>1. Gross assessed value of property</b>			
1a. Gross assessed value of land	\$85,000	\$90,000	\$100,000
1b. Gross assessed value of improvements	\$850,000	\$875,000	\$900,000
<b>2. Equals total gross assessed value of property</b>	<b>\$935,000</b>	<b>\$965,000</b>	<b>\$1,000,000</b>
2a. Minus deductions (see table 5 below)	\$48,000	\$48,000	\$48,000

1B3 Gross assessed value of land: \$100,000

1C3 Gross assessed value of improvements: \$900,000

2. Equals total gross assessed value of property \$1,000,000



# Table 1: Tax Summary

## ■ 3. Subtotal Net Assessed Value of Property

2. Equals total gross assessed value of property	\$955,000	\$905,000	\$1,000,000
2a. Minus deductions (see table 5 below)	\$48,000	\$48,000	\$48,000
2b. Minus new State supplemental deduction (see table 5 below)	\$0	\$0	\$298,750
3. Equals subtotal of net assessed value of property	\$887,000	\$917,000	\$653,250

1E3 Minus sum of deductions (From Table 5):	\$ 48,000
1F3 Minus new supplemental standard deduction:	\$298,750
<i>Gross AV – Homestead standard deduction (1,000,000 – 45,000) =</i>	<i>\$955,000</i>
<i>35% of remaining AV less than \$600,000 = (600,000 x 35/100) =</i>	<i>\$210,000</i>
<i>25% of AV above \$600,000 = (955,000 – 600,000) = (355,000 x 25/100) =</i>	<i>\$ 88,750</i>
1G3 Subtotal net assessed value of property	\$653,250



# Table 1: Tax Summary

## ■ 4. Gross Tax Liability

2b. Minus new State supplemental deduction (see table 5 below)	\$0	\$0	\$28,750
3. Equals subtotal of net assessed value of property	\$887,000	\$917,000	\$653,250
3a. Multiplied by your local tax rate	9.5000%	9.7500%	10.0000%
4. Equals gross tax liability (see table 3 below)	\$84,265.00	\$89,407.50	\$65,325.00

1H3 Multiplied by your local tax rate

\$10.0000

$((653,250/100) \times 10.0000)/2$

\$32,662.50

$(\$32,662) \times 2$

\$65,325.00

1I3 Gross Tax Liability

\$65,325.00



# Table 1: Tax Summary

## ■ 4a. State property tax relief

4a. Minus State property tax relief	(\$25,000.00)	(\$25,000.00)	(\$14,698.12)
4b. Minus Local tax relief	\$0.00	\$0.00	(\$15,251.20)

Gross tax liability	\$65,325.00
<i>Less local PTRC (65,325 x (10.0000/100))</i>	<u>\$ 6,532.50</u>
Equals HEA 1001 State Homestead base amount	\$ 58,792.50
<i>Multiplied by HEA 1001 State Homestead (((58,792.50) x (25.0000/100)/2) x 2</i>	
1J3 Equals state property tax relief	\$14,698.12



# Table 1: Tax Summary

## ■ 4b. Local property tax relief

4b. Minus Local tax relief	\$0.00	\$0.00	(\$15,351.38)
4c. Minus savings due to property tax cap (information on cap found in Table 2 below)	\$0.00	\$15,007.50	(\$20,275.50)

Gross tax liability \$65,325.00

*Multiplied by local PTRC amount  $(65,325 \times (10.0000/100))$*

Equals local PTRC \$ 6,532.50

*Gross tax liability less local PTRC amount multiplied by local Homestead rate  
 $((58,792.50) \times (15.0000/100)/2) \times 2$*

Equals local homestead amount \$ 8,818.88

*local PTRC amount plus local homestead amount  
 $6,532.50 + 8,818.88$*

1K3 Total locally funded property tax relief \$15,351.38



# Table 1: Tax Summary

## ■ 4c. Property Tax Cap

4c. Minus savings due to property tax cap (information on cap found in Table 2 below)	\$0.00	\$45,007.50	(\$20,275.50)
---	--------	-------------	---------------

<i>Gross tax liability[1I3] (\$65,325.00)</i>	<i>\$65,325.00</i>
<i>Minus State property tax relief [1J3]</i>	<i>\$14,698.12</i>
<i>Minus Local property tax relief [1K3] (\$15,351.38)</i>	<i><u>\$15,351.38</u></i>
<i>Equals net tax liability pre-tax cap</i>	<i>\$35,275.50</i>
<i>Minus Gross AV x Circuit breaker rate ((1,000,000)*(1.5/100))</i>	<i><u>\$15,000.00</u></i>
<b>1L3 Savings due to property tax cap</b>	<b>\$20,275.50</b>



# Table 1: Tax Summary

## ■ 4d. 65 Years & Over Property Tax Cap

4d. Minus savings due to 65 years & older cap	\$0	\$0	\$0.00
---	-----	-----	--------

NOT IN EXAMPLE DOCUMENT

*Net Property tax liability this year [1N3] (\$1,100) –*

*Net property tax liability last year [1N2] (\$1,000)*

*\$ 100.00*

*Minus 2% of net property tax liability last year [1N2] (1,000) x (2/100)*

*\$ 20.00*

*1M3 savings due to 65 years & over cap*

*\$80.00*



# Table 1: Tax Summary

## ■ 5. Total Property Tax Liability

1d. Minus savings due to 65 years & older cap	\$0	\$0	\$0.00
5. Total property tax liability	\$59,265.00	\$19,400.00	\$15,000.00

Please see Table 4 for a summary of other charges to this property.

Gross Property Tax liability [1I3]	\$ 65,325.00
Minus state property tax relief [1J3]	\$ 14,698.12
Minus local property tax relief [1K3]	\$ 15,351.38
Minus savings due to property tax cap [1L3]	\$ 20,275.50
Minus savings due to 65 years and over cap [1M3]	\$ 0.00
1N3 Total property tax liability	\$15,000.00





# Table 2: Property Tax Cap

## Part 1: Total Property Tax Cap

Property tax cap (equal to 1.5%, 2.5%, or 3.5% of Line 2, depending upon type of property)	-	\$19,300.00	\$15,000.00
--	---	-------------	-------------

Cap amount: Total Gross AV [1D3] x Cap Rate [RATE/100]

*\$1,000,000 Total Gross Homestead AV x (1.5/100) = \$15,000 Tax Cap*

If the AV crosses cap amounts, each component should be calculated separately and added together

\$100,000 Total Gross AV

- \$50,000 Homestead + 1 acre;
- \$25,000 Rental home;
- \$25,000 Barn

$\$50,000 \times (1.5/100) + \$25,000 (2.5/100) + \$25,000 (3.5/100)$

$\$725 + \$625 + \$875 = \$2,225$  2A3 Total Property tax cap



# Table 2: Property Tax Cap

## Part 2: Adjustment to Cap

Adjustment to cap due to voter-approved projects and charges <sup>1</sup>	-	\$100.00	\$0.00
---	---	----------	--------

NOT IN EXAMPLE DOCUMENT

(Total Net AV [1G3]/100) x Excluded net tax rate

*Excluded net tax rate is calculated from cap-exempted debt passed by voters at referendum. In addition, Lake County and St. Joseph County have additional debt obligations exempted from the cap*

$((\$653,250/100) \times .5000)/2 \times 2 = \$3,266.26$  2B3 Cap Adjustment



## Table 2: Property Tax Cap

### Part 3: Maximum Tax That May Be Imposed Under the Cap

Maximum tax that may be imposed under cap

-

\$19,400.00

\$15,000.00

*(Gross AV x Circuit breaker rate ((1,000,000) x (1.5/100))*

*\$ 15,000.00*

*Plus Net AV x net exempt rate ((653,250.00) x (0.0000/100))*

*\$ 0.00*

2C3 Maximum tax that may be imposed under the cap

\$15,000.00

*(Gross AV x Circuit breaker rate ((1,000,000) x (1.5/100))*

*\$ 15,000.00*

*Plus Net AV x net exempt rate ((653,250)/100) x (.5/100)) [rounded]*

*\$ 3,266.26*

2C3 Maximum tax that may be imposed under the cap

\$18,266.26



# Table 3: Gross Tax Distribution

## Part 1: 3-year comparison of unit-level tax amounts

TABLE 3: GROSS PROPERTY TAX DISTRIBUTION AMOUNTS APPLICABLE TO THIS PROPERTY							
TAXING AUTHORITY	TAX 2007	TAX 2008	TAX 2009	TAX DIFFERENCE 2007-2008	PERCENT DIFFERENCE	TAX DIFFERENCE 2008-2009	PERCENT DIFFERENCE
STATE	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
COUNTY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOWNSHIP	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
SCHOOL DISTRICT	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
CITY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOTAL	\$84,265.00	\$89,407.50	\$65,325.00	\$5,142.50	6.10%	(\$24,082.50)	-26.94%

(Total Net AV [1D3] /100) x Individual Unit Rate

(Total net AV/100 x Unit rate((653,250 x (2.0000)))

\$ 13,065.00



# Table 3: Gross Tax Distribution

## Part 2: Tax Difference

TABLE 3: GROSS PROPERTY TAX DISTRIBUTION AMOUNTS APPLICABLE TO THIS PROPERTY							
TAXING AUTHORITY	TAX 2007	TAX 2008	TAX 2009	TAX DIFFERENCE 2007-2008	PERCENT DIFFERENCE	TAX DIFFERENCE 2008-2009	PERCENT DIFFERENCE
STATE	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
COUNTY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOWNSHIP	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
SCHOOL DISTRICT	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
CITY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOTAL	\$84,265.00	\$89,407.50	\$65,325.00	\$5,142.50	6.10%	(\$24,082.50)	-26.94%

Gross Tax Amount 2009 [3A3, etc.]– Tax Amount 2008 [3A2, etc.]

*Tax Difference 2007-2008: \$17,881.50 - \$16,853.00 = \$1,028.50*

*Tax Difference 2008-2009: \$13,065.00 - \$17,881.50 = \$-4,816.50*





# Table 3: Gross Tax Distribution

## Part 3: Percent Difference

TABLE 3: GROSS PROPERTY TAX DISTRIBUTION AMOUNTS APPLICABLE TO THIS PROPERTY							
TAXING AUTHORITY	TAX 2007	TAX 2008	TAX 2009	TAX DIFFERENCE 2007-2008	PERCENT DIFFERENCE	TAX DIFFERENCE 2008-2009	PERCENT DIFFERENCE
STATE	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
COUNTY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOWNSHIP	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
SCHOOL DISTRICT	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
CITY	\$16,853.00	\$17,881.50	\$13,065.00	\$1,028.50	6.10%	(\$4,816.50)	-26.94%
TOTAL	\$84,265.00	\$89,407.50	\$65,325.00	\$5,142.50	6.10%	(\$24,082.50)	-26.94%

(Gross Tax Amount 2009 [3A3, etc.] – Tax Amount 2008 [3A2, etc.]) / Tax Amount 2008 [3A2, etc.]

*Tax Difference 2007-2008: \$17,881.50 - \$16,853.00 / \$16,853.00 = 6.10%*

*Tax Difference 2008-2009: = \$13,065.00 - \$17,881.50 = -\$4,816.50 / \$17,881.50 = -26.94%*



# Contact the Department

- Tim Rushenberg
  - Telephone: 317.233.6770
  - Fax: 317.232.8779
  - E-mail: [trushenberg@dlgf.in.gov](mailto:trushenberg@dlgf.in.gov)
- Web site: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)



# Phase II Vendor Certification

Department of Local Government Finance

Jeffrey A. Volz

Director of Operations

May 19, 2009





# Agenda

- Introduction
- Overview of 50 IAC 23
- Recap of Phase I Testing
- Overview of Phase II Testing
- Authorized Third-Party Testers
- Next Steps



# Introduction

The property tax cycle requires all the officeholders and their systems to interface smoothly in order to get bills out on time.





## 50 IAC 23

- Adopted June 2006
- Established standards for computer systems used by Indiana counties for the administration of the property tax assessment, billing and settlement processes.
- Dictates the standard import and export file formats to exchange property tax data across software systems, and also to the Department and Legislative Services Agency (LSA).



# 50 IAC 23

- Three testing phases determine compliance with the standards:
  - Phase I: Initial Software Certification (50 IAC 23-18-2, -3)
  - Phase II: Initial Property Tax Management System Certification (50 IAC 23-18-4)
  - Phase III: Initial Local Certification of County Installation (50 IAC 23-18-5)
- The Department is conducting Phase II and III in concert, and refers to this combination as “Phase II” testing.



# Phase I Testing - Recap

- Phase I testing established basic compliance with the standards of 50 IAC 23 in a laboratory setting.
- Initial testing was to be completed by December 31, 2008.
- To date, all vendors except one have achieved this designation, covering 91 of 92 counties.



## Phase II Testing - Overview

- Phase II Testing determines how a complete property tax management system performs in the real world.
  - Testing covers both integration between assessment and tax billing software packages, and also the county's specific deployment of the software packages.



# Phase II Testing

- Counties must identify and contract with an authorized third-party tester.
  - This third-party will conduct the required tests as identified and published by the Department, and will issue a recommendation to the Department on whether the county's software system should be certified.



# Authorized Third-Party Testers

- What qualifications are necessary for a third-party tester?
  - At least one Level II Assessor-Appraiser on staff
  - Minimum of 5 years experience with information technology
  - Thorough knowledge of Indiana property taxation law, administrative code, and non-code provisions





# Authorized Third-Party Testers

- A current listing of Department-approved third-party testers can be found at <http://www.in.gov/dlgf/7698.htm>
- As new testers are approved, their contact information is added.



# Next Steps

- Contractual agreements with third-party testers must be executed by December 31, 2009.
- Actual testing and completion of the contracts must be completed by June 30, 2010.
  - This extension was granted to allow more flexibility in budgeting for this cost.



# Next Steps

- What to do next:
  - Appoint a county project manager, if this hasn't already been done.
  - Contact assessment and tax billing vendors and ensure they are on schedule to be able to certify before the deadline.
  - Identify and contract with an approved third-party tester.



# Contact The Department

- **Jeffrey A. Volz**
  - **Telephone: 317.232.3759**
  - **Fax: 317.232.8779**
  - **E-mail: [jvolz@dlgf.in.gov](mailto:jvolz@dlgf.in.gov)**
- **Web site: [www.in.gov/dlgf](http://www.in.gov/dlgf)**
  - **“Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)**



# 2009 pay 2010 Deductions and Credits

Department of Local Government Finance

Amanda J. Stanley  
Communications Specialist

May 19, 2009



# Mobile Home Deductions Note

## IC 6-1.1-12-40.5

The sum of the deductions provided to an annually assessed (personal property) mobile home may not exceed  $\frac{1}{2}$  of the assessed value of the mobile home.

The Homestead Supplemental Deduction granted under IC 6-1.2-12-37.5 shall not be considered in applying this limitation.



# Trust Eligibility Note

## IC 6-1.1-12-17.9

A trust is entitled to the following deductions for real property owned by the trust and occupied by an individual:

- Over 65 Deduction (IC 6-1.1-12-9)
- Blind or Disabled Deduction (IC 6-1.1-12-11)
- Veteran with Service Connected Disability Deduction (IC 6-1.1-12-13)
- Disabled Veteran Deduction (IC 6-1.1-12-14)
- Surviving Spouse of Veteran Deduction (IC 6-1.1-12-16)
- World War I Veteran Deduction (IC 6-1.1-12-17.4)
- Homestead Standard Deduction (IC 6-1.1-12-37)

Trust Eligibility	Meets Requirement	Does Not Meet Requirement
Upon verification in the body of the deed or otherwise, the individual has either a beneficial interest in the trust or the right to occupy the real property rent free under the terms of a qualified personal residence trust.		
Individual otherwise qualifies for the deduction.		
Individual would be considered the owner of the real property under IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).		



# Homestead Standard Deduction

## IC 6-1.1-12-37

### Maximum Deduction Amount

The lesser of:

- Sixty percent (60%)\* of the assessed value of the real property –OR–
- Forty-five thousand dollars (\$45,000)

\*The sum of all assessed value deductions provided in IC 6-1.1-12 to an annually assessed mobile or manufactured home may not exceed  $\frac{1}{2}$  of the home's assessed value.

### Application and Verification

- Sales Disclosure Form 46021 –OR–
- State Form 5473

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.





# Homestead Standard Deduction

## IC 6-1.1-12-37

### Eligibility Requirement Checklist

Homestead Standard Deduction	Meets Requirement	Does Not Meet Requirement
On the assessment date or any date in the same year after an assessment date when an application is filed, the Individual must own the homestead; be buying the homestead under a contract, recorded in the county recorder's office, that provides the individual is to pay the property taxes on the residence; be entitled to occupy the homestead as a tenant-stockholder of a cooperative housing corporation; or be an individual as described in IC 6-1.1-12-17.9 and the residence is owned by a trust.		
Residence is the individual's principal place of residence.		
Residence is located in Indiana.		
Homestead consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.		
Individual or married couple is receiving only one standard deduction.		



# Supplemental Homestead Deduction

## IC 6-1.1-12-37.5

### Maximum Deduction Amount

Equal to the sum of the following:

- 35% of the assessed value that is less than \$600,000
- 25% of the assessed value that is more than \$600,000

**\*\*This deduction must NOT be considered in applying the limits in IC 6-1.1-12-40.5, which states that the sum of the deductions provided to an annually assessed mobile home may not exceed  $\frac{1}{2}$  of its assessed value.**

In other words, a mobile home (or manufactured home) not assessed as real property that qualifies to receive a homestead standard deduction also is eligible to receive the supplemental homestead deduction.

### Application and Verification

- Sales Disclosure Form 46021 OR
- State Form 5473

One application form can be filed for both the Supplemental Homestead Deduction and the Homestead Standard Deduction.



# Supplemental Homestead Deduction

## IC 6-1.1-12-37.5

### Eligibility Requirements

An individual who is entitled to a Homestead Standard Deduction also is entitled to receive a Supplemental Homestead Deduction.

The Supplemental Homestead Deduction should be taken from the assessed value of the homestead after the application of the Homestead Standard Deduction but before the application of any other deduction, exemption or credit for which the person is eligible. See the example below...

	Pay 2008	Pay 2009
Gross AV	\$100,000	\$100,000
Standard Deduction	(\$45,000)	(\$45,000)
Supplemental Deduction	N/A	(\$19,250) [35% of 55,000]
Net AV	\$55,000	\$35,750



# Supplemental Homestead Deduction

## IC 6-1.1-12-37.5

### Eligibility Requirements

An individual who is entitled to a Homestead Standard Deduction also is entitled to receive a Supplemental Homestead Deduction.

The Supplemental Homestead Deduction should be taken from the assessed value of the homestead after the application of the Homestead Standard Deduction but before the application of any other deduction, exemption or credit for which the person is eligible. See the example below...

Example #2	Pay 2008	Pay 2009
Gross AV	\$750,000	\$750,000
Standard Deduction	(\$45,000)	(\$45,000)
Supplemental Deduction	N/A	(\$210,000) [35% of 600,000] and (\$26,250) [25% of 105,000]
Net AV	\$705,000	\$468,750



# Mortgage Deduction

## IC 6-1.1-12-1; 2

### Maximum Deduction Amount

The lesser of:

- \$3,000 –OR–
- $\frac{1}{2}$  of the assessed valuation of the real property or mobile/manufactured home –OR–
- Balance of the mortgage or contract indebtedness on the assessment date of that year.

### Application and Verification

- State Form 43709
- Contract buyer must submit copy of memorandum of recorded contract containing legal description.

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Mortgage Deduction

## IC 6-1.1-12-1; 2

### Eligibility Requirement Checklist

Mortgage Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual is a resident of Indiana.		
The deduction is claimed for: (1) Mortgaged real property or an installment financed, annually assessed mobile or manufactured home that the individual owns; or (2) Real property or annually assessed mobile or manufactured home that the person is buying under contract, with the contract or a memorandum of the contract recorded in the county recorder's office, which provides that the person is to pay the property taxes.		



# Over 65 Deduction

## IC 6-1.1-12-9

### Maximum Deduction Amount

The lesser of:

- \$12,480 –OR–
- $\frac{1}{2}$  of the assessed valuation of the property

### Application and Verification

- State Form 43708
- Internal Revenue Service Form 1040 for previous calendar year

*(This requirement includes submitting the 1040 for the applicant and all co-owners.)*

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Over 65 Deduction

## IC 6-1.1-12-9

### Notes Regarding Eligibility:

- If real property or mobile or manufactured home is owned by tenants by the entirety, joint tenants or tenants in common, only one deduction may be allowed. However, the age requirement is satisfied if any one of the tenants is at least 65 years of age.

*Note: If all of the tenants are not at least 65 years of age, the deduction allowed shall be reduced by an amount equal to the deduction multiplied by a fraction.*

- A surviving, not-remarried spouse is entitled to the deduction if at least 60 years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed and the decedent was at least 65 years of age at the time of death.





# Over 65 Deduction

## IC 6-1.1-12-9

### Eligibility Requirement Checklist

Over 65 Deduction	Meets Requirement	Does Not Meet Requirement
Individual is at least 65 years of age on or before December 31 of the calendar year immediately preceding the calendar year in which property taxes are first due and payable.		
Combined adjusted gross income of the individual and the individual's spouse or all other individuals who share ownership or tenancy did not exceed \$25,000 the preceding year.		
Individual has owned or has been buying on a recorded contract the real property or mobile or manufactured home for at least one year before receiving the deduction.		
The real property or mobile or manufactured home is the individual's residence.		
The assessed value of the real property of the mobile or manufactured home does not exceed \$182,430.		
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual receives no other property tax deductions except the Mortgage, Homestead Standard and Supplemental Deductions, and the Fertilizer Storage Deduction and the Over 65 Circuit Breaker Credit.		



# Over 65 Circuit Breaker Credit

## IC 6-1.1-20.6-8.5

### Maximum Credit Amount

Tax liability minus the product of tax for preceding year multiplied by 1.02.

*Prevents eligible senior citizen's property tax liability from increasing by more than 2 percent.*

### Application and Verification

- State Form 43708
- Internal Revenue Service Form 1040 for previous calendar year

With respect to real property, the application must be filed on or before December 31 in order to obtain the credit in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the credit.



# Over 65 Circuit Breaker Credit

## IC 6-1.1-20.6-8.5

### Eligibility Requirement Checklist

Over 65 Circuit Breaker Credit	Meets Requirement	Does Not Meet Requirement
Individual qualified for the Homestead Standard Deduction for the particular homestead property in the immediately preceding calendar year and the current year.		
Individual is at least 65 years of age on or before December 31 of the calendar year immediately preceding the calendar year in which property taxes are first due and payable.		
The adjusted gross income of an individual claiming the deduction may not exceed \$30,000. Combined adjusted gross income of the individual and spouse may not exceed \$40,000.		
The gross assessed value of the homestead is less than \$160,000.		
On the date the application is filed, the individual must own the homestead, be buying the homestead under a contract, recorded in the county recorder's office, or have a beneficial interest in the owner of the homestead.		



# Blind or Disabled Deduction

## IC 6-1.1-12-11; 12

### Maximum Deduction Amount

- \$12,480

### Application and Verification

- State Form 43710
- Proof of Blindness –OR–
- Proof of Disability

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Blind or Disabled Deduction

## IC 6-1.1-12-11; 12

### Eligibility Requirement Checklist

Blind or Disabled Deduction	Meets Requirement	Does Not Meet Requirement
Individual is blind or has a disability.		
The real property or mobile or manufactured home is the individual's residence.		
Individual's taxable gross income for the preceding calendar year did not exceed \$17,000.		
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual does not receive the Over 65 Deduction.		



# Disabled Veteran Deduction

## IC 6-1.1-12-14; 15

### Maximum Deduction Amount

- \$12,480

### Application and Verification

- State Form 12662
- One of the following:
  - United States Department of Veteran's Affairs Form 20-5455 Code 1 in Item #15
  - Pension Certificate
  - Award of Compensation from VA or DOD
  - Certificate of Eligibility from Indiana Department of Veteran's Affairs

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Disabled Veteran Deduction

## IC 6-1.1-12-14; 15

### Eligibility Requirement Checklist

Disabled Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual served in the military or naval forces of the United States for at least 90 days.		
Individual received an honorable discharge.		
Individual either has a total disability or is at least 62 years old and has a disability of at least 10 percent.		
Assessed value of the individual's property does not exceed \$143,160.		
Individual does not receive the Over 65 Deduction.		

Notes: A surviving spouse of an individual may receive the deduction if the individual would qualify for the deduction if the individual were alive.

If the individual claiming the deduction is under guardianship, the guardian shall file for the deduction.



# **Veteran with Service Connected Disability Deduction IC 6-1.1-12-13; 15**

## **Maximum Deduction Amount**

- **\$24,960**

## **Application and Verification**

- **State Form 12662**
- **One of the following:**
  - **United States Department of Veteran's Affairs Form 20-5455 Code 2 in Item #15**
  - **Pension Certificate**
  - **Award of Compensation from VA or DOD**
  - **Certificate of Eligibility from Indiana Department of Veteran's Affairs**

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.





# Veteran with Service Connected Disability Deduction IC 6-1.1-12-13; 15

## Eligibility Requirement Checklist

Veteran with Service Connected Disability Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual served in the military or naval forces of the United States during any of its wars.		
Individual received an honorable discharge.		
Individual has a service connected disability of 10 percent or more.		
Individual is not receiving the Surviving Spouse of WWI Veteran Deduction.		
Individual does not receive the Over 65 Deduction.		

Notes: A surviving spouse of an individual may receive the deduction if the individual would qualify for the deduction if the individual were alive.

If the individual claiming the deduction is under guardianship, the guardian shall file for the deduction.



# Veteran of World War I Deduction

## IC 6-1.1-12-17.4

### Maximum Deduction Amount

- \$18,720

### Application and Verification

- State Form 12662
- Letter from Veteran's Affairs or Department of Defense –OR–
- Discharge Documents

*(If Letter from VA or DOD is not available.)*

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Veteran of World War I Deduction

## IC 6-1.1-12-17.4

### Eligibility Requirement Checklist

WWI Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
The real property or mobile or manufactured home is the individual's principal residence.		
The assessed valuation of the real property or the mobile or manufactured home does not exceed \$206,500.		
Individual has owned or has been buying on a recorded contract the real property or mobile or manufactured home for at least one year before receiving the deduction.		
Individual does not receive the Over 65 Deduction.		

Notes: An individual may not be denied the deduction because the individual is absent from the individual's principal residence while in a nursing home or hospital.

If real property or mobile or manufactured home is owned by a husband and wife as tenants by the entirety, only one deduction may be allowed. Couple is eligible to receive deduction if either spouse satisfies the requirements.



# Surviving Spouse of World War I Deduction IC 6-1.1-12-16; 17

## Maximum Deduction Amount

- \$18,720

## Application and Verification

- State Form 12662
- Letter from Veteran's Affairs or Department of Defense OR
- Discharge Documents

*(If Letter from VA or DOD is not available.)*

- Sworn statement in affidavit form, or verified under penalties of perjury, that the surviving spouse is entitled to the deduction

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Surviving Spouse of World War I Deduction IC 6-1.1-12-16; 17

## Eligibility Requirement Checklist

Surviving Spouse of WWI Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the surviving spouse must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Deceased spouse served in the military or naval forces of the United States before November 12, 1918.		
Deceased spouse received an honorable discharge.		
Surviving spouse is not receiving the Veteran with Partial Disability Deduction.		
Individual does not receive the Over 65 Deduction.		



# Solar Energy Heating/Cooling Systems or Wind Power Device Deductions

## IC 6-1.1-12-26; 29

### Maximum Deduction Amount

- The assessed value of the property with the solar energy heating/ cooling system or wind power device included minus the assessed value of the property without the system or device.

### Application and Verification

- Sales Disclosure Form 46021 OR
- State Form #18865

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Hydroelectric Power Device or Geothermal Device Deductions

## IC 6-1.1-12-33; 34

### Maximum Deduction Amount

- The assessed value of the property with the hydroelectric power device or geothermal device included minus the assessed value of the property without the device.

### Application and Verification

- Sales Disclosure Form 46021 –OR–
- State Form #18865
- Certificate of Qualification from the Indiana Department of Environmental Management

*(If IDEM fails to make a determination before December 31 of the application year, the system is considered certified.)*

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.



# Environmental Deductions (Solar Energy Heating/Cooling, Wind Power, Hydroelectric Device or Geothermal Device) IC 6-1.1-12-26; 29; 33; 34

## Eligibility Requirement Checklist

Environmental Deductions	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Property is equipped with a solar energy system, wind power device, hydroelectric device or geothermal device.		
Individual does not receive the Over 65 Deduction.		





# Contact The Department

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